

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 RSR-01 MC-02 DOTE-00

SS-15 TRSE-00 IGA-02 OMB-01 STR-08 XMB-07 /081 W
----- 036810

R 251046 Z MAY 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 9383

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

AMEMBASSY BEIRUT

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 4302

BEIRUT FOR RCAA

E. O. 11652: N/A

TAGS: ETRN, PK

SUBJ: GOP POSITION ON WIDE- BODIED AIRCRAFT DECISION

REF: KARACHI 0815

1. SUMMARY . IN RESPONSE TO REQUEST BY FINANCE MINISTER, CHARGE MET WITH BOEING AND MCDONNELL- DOUGLAS CORP. (MDC) REPS TO GO OVER POINTS MADE EARLIER BY MINISTER TO SUPPLIER REPRESENTATIVES, NAMELY: (A) THAT SUPPLIERS SHOULD GIVE NO FINANCIAL CONSIDERATIONS TO ANY PERSONS OR INSTITUTIONS OTHER THAN GOP IN CONNECTION WITH PROPOSED SALE; (B) THAT SUPPLIERS SHOULD REFRAIN FROM ENCOURAGING SPECIAL CONSIDERATIONS TO FINANCIAL INSTITUTIONS WITH VIEW TO INFLUENCING GOP DECISION; (C) THAT DECISION, WHICH WOULD BE MADE BY MAY 31, WOULD DEPEND ON ESTIMATE OF TRAFFIC GROWTH RATE AND ON PRICE OFFERED. REPS OF BOTH GROUPS STATED THAT PRICE WAS ALREADY AT MINIMUM. END SUMMARY.

2. FINANCE MINISTER MUBASHIR HASAN TELEPHONED CHARGE
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MAY 23 FOLLOWING MINISTER' S MEETING WITH REPRESENTATIVES
OF BOEING/ PRATT- WHITNEY AND MDC/ GENERAL ELECTRIC.
MINISTER SAID THAT PRES. BHUTTO HAD GIVEN HIM " FULL
POWERS" FOR MAKING FINAL DECISION ON AIRCRAFT PURCHASE.
HE APPEALED TO CHARGE TO MEET WITH SUPPLIER REPS TO
REAFFIRM POINTS MINISTER HAD JUST MADE AT EARLIER SESSIONS.

9. COMMENT: SUBJECT TO THE IMPORTANT DISTINCTION
DRAWN BY BAHR AND THE BROAD TIMING CONSIDERATIONS
INTRODUCED BY FISCHER, WE BELIEVE AMBASSADOR RUMSFELD' S
VISIT AND PRESENTATIONS HAVE HAD A USEFUL EFFECT IN
STIMULATING GERMAN READINESS TO CONSIDER DEVELOPMENT OF
A DECLARATION OF PRINCIPLES ON US/ EUROPEAN RELATIONS.
IT IS CLEAR THAT THE GERMANS WILL ATTEMPT TO FACE THESE
PROBLEMS BY WALKING THE USUAL DIFFICULT LINE BETWEEN
MEETING US WISHES AND PRESERVING FRANCO- GERMAN FRIEND-
SHIP (BONN 7203). IT ALSO IS OUR JUDGMENT THAT THE
READINESS TO COOPERATE WITH THE US WILL BE ACCOMPANIED,
AS FISCHER SUGGESTED, BY AN INCLINATION TO REDEFINE
ALLIED GOALS IN A RATHER MORE DYNAMIC THAN ONE- SHOT
PROCESS. END COMMENT

HILLENBRAND

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ACTION EB-11

INFO OCT-01 CAB-09 CIAE-00 COME-00 DODE-00 INR-10 NSAE-00

RSC-01 FAA-00 ADP-00 NEA-10 L-03 RSR-01 MC-02 DOTE-00

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----- 036926

R 251046 Z MAY 73
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 9384
INFO AMCONSUL KARACHI
AMCONSUL LAHORE
AMEMBASSY BEIRUT

LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 4302

5. BOEING REP COMMENTED THAT HE HAD INFORMED FINANCE SECRETARY KAZI IN MEETING FOLLOWING SESSION WITH MINISTER THAT BOEING' S " CONSULTANT" IN PAKISTAN WAS HIRE ON ANNUAL RETAINER BASIS AND RECEIVED NO OTHER RENUMERATION. COPIES OF CONTRACT WITH CONSULTANT HAD BEEN SUBMITTED TO GOP. CHARGE WONDERED IF IT MIGHT BE WORTHWHILE TO MENTION THIS DIRECTLY TO MINISTER; LONG SAID HE WOULD CONSIDER. CHARGE SPECULATED THAT MINISTER' S FIRST POINT MIGHT BE RELATED TO RECENT NEWSPAPER ARTICLE BY FORMER PAK AIR FORCE AND PIA CHIEF FAVORING BOEING. LONG STATED THAT ARTICLE HAD BEEN WRITTEN WOTHOUT BOEING' S KNOWLEDGE. MINISTER' S SECOND POINT CREATED NO PROBLEM FOR BOEING. LONG CLAIMED THAT BOEING PRICE ALREADY REDUCED TO MINIMUM ANT THAT HE HAD TWICE APPROACHED BOEING CHAIRMAN ABOUT FURTHER PRICE CUT ONLY TO BE TURNED DOWN. HE SAID THERE WAS NO POINT IN FURTHER APPROACH.

6. MDC REP PRUITT QUESTIONED GOP DECISION TO TAKE RESPONSIBILITY FOR SELECTION OF AIRCRAFT OUT OF HANDS OF PEOPLE WITH TECHNICAL COMPETENCE (PIA) AND TO PLACE IT IN HANDS OF UNQUALIFIED MINISTER, WHO APPEARED TO BE LIMITED OFFICIAL USE
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CHALLENGING ASSUMPTIONS OF EXPERTS. WITH RESPECT TO COMMISSION, HE STATED THAT MDC AGENT IN PAKISTAN WAS ON ANNUAVE UK ECONOMIC INTEREST, BUT ARE MOTIVATED ONLY BY POLITICAL CONSIDERATIONS OF CARIBBEAN FUTURE WELL BEING. HE STRESSED THAT REASON FOR UK DESIRE FOR POSTPONEMENT WAS TO ENABLE HMG TO CONCLUDE CURRENT TALKS WITH CARIBBEAN COUNTRIES BEFORE REPLYING TO USG. HE STATED THAT US AGREEMENT ON JUNE 4 DATE GAVE HMG QUOTE PLENTY OF TIME UNQUOTE.

ANNENBERG

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*** Current Classification *** LIMITED OFFICIAL USE

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KARACHI
LAHORE
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